

1 BILL NO. S-82-08-06

2 SPECIAL ORDINANCE NO. S- 129-82

3 AN ORDINANCE approving the City of
4 Fort Wayne, Indiana's participation
5 with respect to the purchase of
6 International Harvester Company's
7 Parts Distribution Center by a third
8 party, contingent upon an Agreement
9 by International Harvester Company
10 to retain its operations locally.

11 WHEREAS, the economic condition of the Fort Wayne,
12 Allen County, Indiana, area is in a distressed state; and

13 WHEREAS, the largest employer in the area is the
14 International Harvester Company; and

15 WHEREAS, the City of Fort Wayne, Indiana and Allen
16 County, Indiana have together participated in negotiations
17 with International Harvester Company to assist International
18 Harvester Company so as to allow International Harvester Company
19 to retain operations in this area; and

20 WHEREAS, the International Harvester Company has
21 announced its intention to close one of its Truck Production
22 Plants and if the Fort Wayne operations are closed, the effects
23 of same would be economically catastrophic to not only the
24 employees of International Harvester Company but also to the
25 community in general; and

26 WHEREAS, a decision by International Harvester Company
27 to retain its local operations could amount to approximately an
28 additional two thousand jobs to the Fort Wayne, Allen County
29 area; and

30 WHEREAS, International Harvester Company's decision
31 to close one of its Truck Production Plants will be made within
32 approximately a ten (10) day period, and accordingly, any and
all financial commitments with respect to International Harvester
Company must be finalized within a one (1) week period of time;
and

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3 WHEREAS, this Common Council has previously given
4 authority to the City of Fort Wayne to participate financially
5 in efforts to retain International Harvester Company's opera-
6 tions in this community, said authority and approval being
7 given in two separate Ordinances, to-wit: Bill No. S-82-06-15
8 and Bill No. S-82-06-31; and

9 WHEREAS, due to legal difficulties and limitations
10 that have confronted Allen County and the State of Indiana, and
11 due to the increased severity of the situation involving Inter-
12 national Harvester Company and in a further and last effort
13 to assist the International Harvester Company to retain its
14 operations locally, it is necessary for the City of Fort Wayne
15 to restructure its financial participations; and

16 WHEREAS, it is the hope of all parties that such
17 financial participations facilitate a decision by the Inter-
18 national Harvester Company to remain in this community; and

19 WHEREAS, a possible area of the City of Fort Wayne's
20 participation at this time involves the International Harvester
21 Company's Parts Distribution Center; and

22 WHEREAS, this Common Council has received an additional
23 Ordinance dealing with International Harvester Company's Scout
24 Plant and accordingly, this Ordinance deals with the City of
25 Fort Wayne's portion in a transaction involving International
26 Harvester Company's Scout Plant; and

27 WHEREAS, all commitments made herein shall not be
28 effective and shall be subject to the City of Fort Wayne receiving
29 from International Harvester Company a written agreement con-
30 taining, among other things, International Harvester Company's
31 promise to retain its operations locally.

32 NOW THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF

1 Page Three
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3 THE CITY OF FORT WAYNE, INDIANA:

4 SECTION 1. That since the City of Fort Wayne is
5 restructuring its financial commitment as previously extended
6 to International Harvester Company in Bill No. S-82-06-15 and
7 Bill No. S-82-06-31, said Ordinances are hereby amended and are
8 replaced with this Ordinance.

9 SECTION 2. The International Harvester Company's
10 Parts Distribution Center will be acquired by a third party
11 purchaser (Mr. Gary Probst of Fort Wayne, Indiana) for a
12 purchase price of Nine Million Five Hundred Thousand and No/100
13 Dollars (\$9,500,000.00). Mr. Gary Probst will then in turn
14 lease the Parts Distribution Center back to International
15 Harvester Company for a lease term of ten (10) years at which
16 time International Harvester Company will be obligated to
17 repurchase the Parts Distribution Center from its owner. The
18 City of Fort Wayne will guarantee International Harvester Com-
19 pany's lease and repurchase obligations up to Seven Million
20 Five Hundred Thousand and No/100 Dollars (\$7,500,000.00) and
21 the State of Indiana will guarantee either the lease or Mr.
22 Gary Probst's loan to the extent of Two Million and No/100
23 Dollars (\$2,000,000.00) thus providing a total guarantee of
24 Nine Million Five Hundred Thousand and No/100 Dollars
25 (\$9,500,000.00). The City of Fort Wayne's guarantee would
26 only be payable upon the default of International Harvester
27 Company as herein described and only further upon Mr. Gary
28 Probst's failure to pay his Lender. If the City of Fort
29 Wayne is required to tender its guarantee the City of Fort Wayne,
30 in conjunction with the State of Indiana, will become owners of
31 the Parts Distribution Center with the City of Fort Wayne's
32 percentage of ownership and rights equivalent to its percentage

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2
3 of total guarantee paid. In that regard, a deed will be placed
4 in escrow to assure the City of Fort Wayne receives title to
5 the Parts Distribution Center if the guarantee is tendered.

6 To properly fund the City of Fort Wayne's guarantee
7 it will be necessary for the City of Fort Wayne to establish
8 an International Harvester Reserve Trust Fund account. This
9 account will be funded with Four Million Five Hundred Thousand
10 and No/100 Dollars (\$4,500,000.00) of current and existing
11 assets of the Fort Wayne Power and Light Utility, and an addition-
12 al Three Million and No/100 Dollars (\$3,000,000.00) will be
13 placed in said account, said \$3,000,000.00 coming initially from
14 a borrowing from the City of Fort Wayne and then from the proceeds
15 of a City Light Lease Revenue Bond.

16 SECTION 3. That authority is hereby given to the
17 City of Fort Wayne as follows:

18 A. to guarantee up to \$7,500,000.00 International
19 Harvester Company's lease and repurchase obligations
20 with respect to the Parts Distribution Center.
21 In this regard, the City of Fort Wayne is empowered
22 to sign all necessary agreements evidencing this
23 commitment;

24 B. to borrow \$3,000,000.00 (in addition to the
25 Three Million Seven Hundred Thousand and No/100
26 Dollars [\$3,700,000.00] as referred to in the
27 Scout Plant Ordinance) from a consortium of Fort
28 Wayne banks and in that regard the attached banking
29 Letter of Understanding between the City of Fort
30 Wayne and a consortium of Fort Wayne banks as
31 Exhibit "A" is hereby approved in all respects.
32 The City of Fort Wayne is further given approval

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2
3 to sign any promissory notes and any bank agreements
4 with respect to the borrowing of the \$3,000,000.00
5 herein referred to.

6 C. to issue an Electric Utility Revenue Bond in the amount
7 of \$4,500,000.00, the proceeds of which will be
8 used to fund part of the City of Fort Wayne's
9 guarantee herein referred to and the City of Fort
10 Wayne's portion of the purchase price (including
11 interest) as to the Scout Plant transaction as
12 referenced in the Scout Plant Ordinance.

13 SECTION 4. Notwithstanding anything herein to the
14 contrary, the commitments herein made and the authority herein
15 given is subject and contingent upon International Harvester
16 Company's agreeing, in writing, to retain its operations locally
17 and to further commit to general covenants and agreements as
18 contained in the Offer of Assistance document, which is attached
19 hereto as a part hereof as Exhibit "B".

20 SECTION 5. If any section, clause, sentence, paragraph,
21 part or provision of this Ordinance shall be held invalid, it
22 shall be conclusively presumed that this Ordinance would have
23 been passed by the Common Council without such invalid section,
24 clause, sentence, paragraph, part or provision.

25 SECTION 6. That this Ordinance shall be in full force
26 and effect from and after its passage and any and all necessary
27 approval by the Mayor.

28
29
30 APPROVED AS TO FORM
31 AND LEGALITY
32


Bruce O. Boxberger, City Attorney


Councilmember

S-82-08-01

BILL NO. _____

REPORT OF THE COMMITTEE ON FINANCE

WE, YOUR COMMITTEE ON Finance TO WHOM WAS REFERRED AN
ORDINANCE approving the City of Fort Wayne, Indiana's participation
with respect to the purchase of International Harvester Company's
Parts Distribution Center by a third part, contingent upon an
Agreement by International Harvester Company to retain its operations
locally

HAVE HAD SAID ORDINANCE UNDER CONSIDERATION AND BEG LEAVE TO REPORT
BACK TO THE COMMON COUNCIL THAT SAID ORDINANCE 00 PASS.

MARK E. GIAQUINTA - CHAIRMAN

PAUL M. BURNS - VICE CHAIRMAN

JAMES S. STIER

JOHN NUCKOLS

DONALD J. SCHMIDT

Eisbart

Bradbury

Schomburg

Paul M. Burns
J. Stier

Samuel J. Talavera

Ray Adams
Janet G. Bradbury
Ray Adams

Read the first time in full and on motion by _____, seconded by _____, and duly adopted, read the second time by title and referred to the Committee _____ (and the City Plan Commission for recommendation) and Public Hearing to be held after due legal notice, at the Council Chambers, City-County Building, Fort Wayne, Indiana, on _____, 19____, at _____ o'clock _____.M., E.S.T.

DATE: _____

CHARLES W. WESTERMAN - CITY CLERK

Read the third time in full and on motion by Charles W. Westerman, seconded by Esteban, and duly adopted, placed on its passage. PASSED (~~LOST~~) by the following vote:

	<u>AYES</u>	<u>NAYS</u>	<u>ABSTAINED</u>	<u>ABSENT</u>	<u>TO-WIT:</u>
<u>TOTAL VOTES</u>	<u>7</u>	_____	_____	<u>2</u>	_____
<u>BRADBURY</u>	<u>X</u>	_____	_____	_____	_____
<u>BURNS</u>	<u>X</u>	_____	_____	_____	_____
<u>EISBART</u>	<u>X</u>	_____	_____	_____	_____
<u>GIAQUINTA</u>	<u>X</u>	_____	_____	_____	_____
<u>NUCKOLS</u>	_____	_____	_____	<u>X</u>	_____
<u>SCHMIDT</u>	_____	_____	_____	<u>X</u>	_____
<u>SCHOMBURG</u>	<u>X</u>	_____	_____	_____	_____
<u>STIER</u>	<u>X</u>	_____	_____	_____	_____
<u>TALARICO</u>	<u>X</u>	_____	_____	_____	_____

DATE: 8-3-82

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as (ZONING-MAP) (GENERAL) (ANNEXATION) (SPECIAL)

(APPROPRIATION) ORDINANCE (RESOLUTION) NO. A-129-82
on the 3rd day of August, 1982

ATTEST:

(SEAL)

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Samuel J. Talarico
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the 4th day of August, 1982, at the hour of 10:30 o'clock A.M., E.S.T.

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Approved and signed by me this 4th day of August, 1982, at the hour of 11:30 o'clock A.M., E.S.T.

Win Moses, Jr.
WIN MOSES, JR. - MAYOR

City of Fort Wayne

Proposed International Harvester Financing

August 3, 1982

1. <u>Funds and Guarantees at Closing</u>	<u>\$13,200,000</u>	<u>Explanation</u>
Temporary Escrow	4,500,000	City Electric Utility
Bank Loan to City - 90 days @ 11%	6,700,000	Cash Paid Out
State of Indiana	<u>2,000,000</u>	State of Indiana Guarantee
	<u>13,200,000</u>	
2. <u>Disposition of Funds and Guarantees</u>		
Purchase/Lease - Scout Plant	3,500,000	International Harvester
Purchase/Lease - Parts Dist. Center	9,000,000	International Harvester
Prepaid Interest Reserve	<u>700,000</u>	City - 100,000, County - 100,000, Probst - 500,000
	<u>13,200,000</u>	
3. <u>Refinancing of Temporary Loan to City</u>		
County Bond Proceeds	2,200,000	County Redevelopment Bonds
City Bond Proceeds	<u>4,500,000</u>	Electric Utility Revenue Bonds, 10 years @ 12%
	<u>6,700,000</u>	
4. <u>Disposition of City Funds</u>		
Internal Escrow Fund - Loan Guarantee	7,500,000	PDC Guarantee
- Interest Reserve	100,000	Scout Plant Guarantee
Cash Paid on Scout Plant	<u>1,400,000</u>	
	<u>9,000,000</u>	

5. City's Position after Closing and Financing (90 days hence)

Cash and Internal Receivables	3,800,000
Bond Proceeds	<u>4,500,000</u>
	8,300,000
Internal Escrow Account - Principal and Interest	<u>7,600,000</u>
Unrestricted Cash	<u><u>700,000</u></u>

6. City's Position in 1992 (barring Default)

Cash Available from Internal Escrow	7,600,000
Cash from Scout Plant Lease	<u>1,400,000</u>
Funds Returned to Unrestricted Use	<u><u>9,000,000</u></u>

7. Other Information

- A. Interest on Internal Escrow Fund is earned by City and will be sufficient to pay interest on revenue bonds.
- B. In the event of default the City will have loss exposure commencing at \$7,500,000 less Scout value of property sold in the first month declining as rental installments are paid by International Harvester to full liquidation of lease at 120th month.
- C. Payments on principal of the electric revenue bonds will encumber approximately \$450,000 per annum of Electric Utility revenues. Net revenues available for Trust fund payments and unrestricted payments was approximately \$1,200,000 in 1981.

Impact of
International Harvester Shutdown/Consolidation
at Fort Wayne
and
Explanation of Financial Package

Prepared By:
Department of Economic Development
City of Fort Wayne

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Scout Plant	9
Assembly Plant Equipment	10

Employment statistics

Current Data

Harvester employment.....	4,000
Total Allen County labor force.....	143,700
Allen County Employment.....	125,600
Allen County Unemployment.....	18,100
Allen County Unemployment rate.....	12.6%

Source: U.S. Department of Labor

Worst Case Scenario

Loss of 4000 International Harvester jobs
Loss of 4000 service jobs
Loss of 2000 supplier jobs
Loss of 2000 service jobs

TOTAL JOB LOSS FROM COMPLETE HARVESTER SHUTDOWN IN FORT WAYNE 12,000 JOBS*

Total Allen County Labor Force.....	143,700
Allen County Employment.....	113,600
Allen County Unemployment.....	30,100
Allen County Unemployment rate.....	20.9%

*Multiplier effects as determined by Thos. Guthrie, George Bullion, IUPUFW

Best Case Scenario

Gain of 1800 International Harvester jobs*
Gain of 4500 Supplier and Service jobs**

TOTAL JOB GAIN FROM HARVESTER CONSOLIDATION AT FORT WAYNE 6,300 JOBS

Total Allen County Labor Force.....	143,700
Allen County Employment.....	131,900
Allen County Unemployment.....	11,800
Allen County Unemployment rate.....	8.2%

*Net job gain from consolidation according to Harvester officials

**Multiplier of 2½ new jobs for each new manufacturing job, as determined by Indiana Department of Commerce, and Fantus Company study on Fort Wayne.

TOTAL JOBS RIDING ON CITY/STATE/COUNTY ACTION (potential loss/potential gain)

18,300 JOBS

Fiscal Impact of International Harvester Shutdown at Fort Wayne

Harvester payroll.....\$120 million.
Harvester payroll with benefits.....\$160.8 million.

Taxes

Property taxes paid by International Harvester.....\$ 3,390,000
States taxes paid by IH employees.....\$10,500,000*
Gasoline taxes paid by IH.....\$ 180,000
Unemployment taxes paid by IH.....\$ 3,600,000

Tax income from IH and its employees \$17,670,000**

*Alexander Grant Study on General Manufacturing Business Climates indicates that Indiana residents pay \$88 in state taxes for every \$1,000 earned.

**This figure does not include sales taxes on IH purchases within Indiana.

Unemployment Compensation

The State of Indiana would have to pay 4000 terminated Harvester workers nearly \$15 million in unemployment compensation in just six months. Should the state qualify for extended benefits, the bill would top \$22 million.

Based on \$141/week x 4000 workers x 26 week maximum term.
Extended benefits would add 13 weeks at the same rate.

Other notes:

Harvester accounts for 17 percent of the assessed valuation for East Allen County School District, and will pay \$1.57 million to the school district in 1982.

The PTC, Adams Township, Wayne Township, New Haven, Fort Wayne, and Allen County would all lose IH tax income.

Harvester uses 5 percent of NIPSCO gas sales in Allen County.

Church and United Way contributions would drop dramatically, while demand would increase for social services.

Guthrie and Bullion estimate that Harvester contributes \$200 million to \$300 million to the Fort Wayne area economy annually--or 7 to 8 percent.

Other points

1. Should Harvester consolidate its operations at Fort Wayne, thereby creating a total of 6300 new jobs, there would be \$107,100,00 in new payroll (based on average wage of \$17,000), on which employees would pay states taxes of \$9,424,800 annually.
2. New investment in the Harvester plant at Fort Wayne would increase the company's assessed valuation, thereby increasing property tax payments.
3. The typical business assistance/job creation grant has a goal of \$10,000 spent per job created/saved. At that rate, it would cost \$183,000,000 using conventional methods to save/create the 18,300 jobs riding on the Harvester package. Saving the 4,000 existing jobs riding on the Harvester package. Saving the 4,000 existing Harvester jobs alone would cost \$40,000,000. Therefore, this is clearly a sound investment in terms of dollars spent per job created, and one which will not be equaled with future opportunities.

HARVESTER GUARANTEES

1. Exclusive North America heavy-duty truck production in Allen County.
2. Retention of Truck Division Engineering in Allen County.
3. Addition of new truck line or product production in Allen County by January 1, 1984.
4. No use of Chapter 11 against City/County/State.
5. Retention of PDC as national distribution center.
6. Voluntary annexation of PDC into City.
7. If Scouts produced again, production will be in Allen County.
8. Allen County will remain one of not more than three truck production centers in North America.
9. If a truck facility is closed, it will not be Allen County.

RISK AND CASH

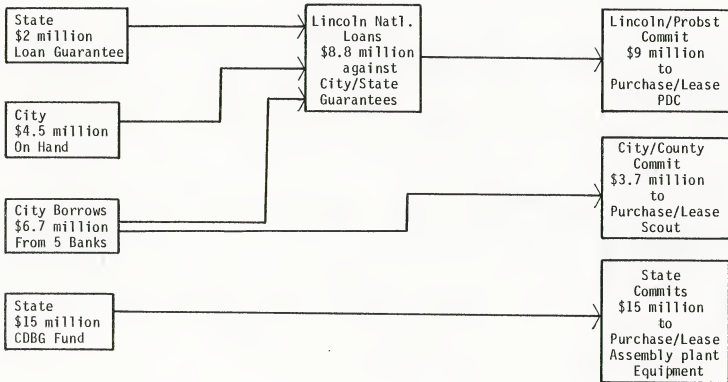
ALLOCATION OF RISK

	FORT WAYNE I	FORT WAYNE II	SPRINGFIELD
CITY	4.5	9	0
COUNTY	2.2	2.2	0
STATE	2	17	20
PRIVATE	0	0	10
	<hr/>	<hr/>	<hr/>
TOTAL	8.7	28.2	30

ALLOCATION OF CASH

	FORT WAYNE	FORT WAYNE II	SPRINGFIELD
CITY	0	1.5	0
COUNTY	0	2.2	0
STATE	0	15	10
PRIVATE	8.7	9	20
	<hr/>	<hr/>	<hr/>
TOTAL	8.7	28.2	30

CASH SOURCES



LOAN GUARANTEES

CITY GUARANTEE FUND	STATE GUAR. FUND
7.5	2

EVENTUAL SOURCE
OF FUNDS

COUNTY G.O. REDEV. BOND	CITY LIGHT LEASE	LINCOLN NATIONAL CORPORATION	P R O B S T	STATE OF INDIANA COMMUNITY DEVELOPMENT BLOCK GRANT	PRIV. SECTOR FUNDS
2.2	1.5	8.8	.2	15	2.5

IMMEDIATE SOURCE
OF FUNDS

CITY LOAN FROM BANK CONSORTIUM	CITY CASH FROM LIGHT LEASE	STATE OF INDIANA COMMUNITY DEVELOPMENT BLOCK GRANT	PRIV. SECTOR FUNDS
6.7	4.5	15	2.5

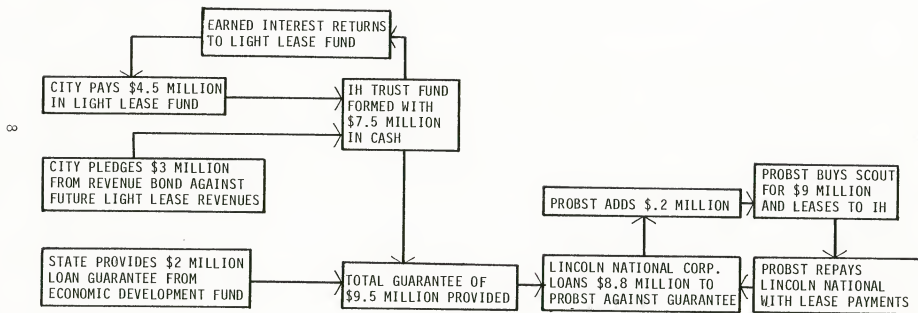
COST TO INVESTORS

SCOUT PLANT	PARTS DISTRIBUTION CENTER	ASSEMBLY PLANT EQUIPMENT	DEAL- ERSHIP, MMC, DESIGN CTR.
3.7	9.5	15	2.5

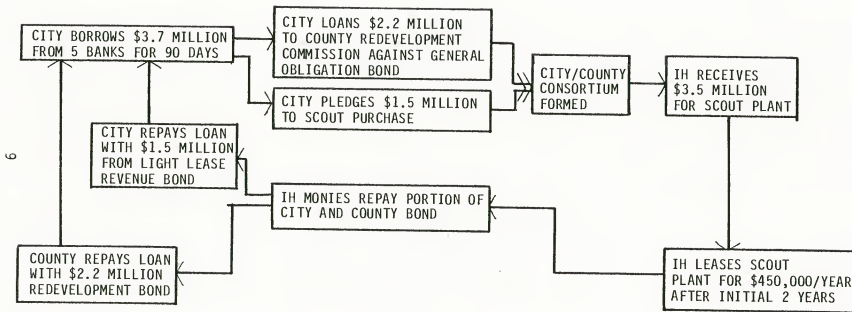
FUNDS SPENT

SCOUT PLANT	I N T.	PARTS DISTRIBUTION CENTER	I N T.	ASSEMBLY PLANT EQUIPMENT	DEAL- ERSHIP, MMC, DESIGN CTR.
3.5	.2	9	.5	15	2.5

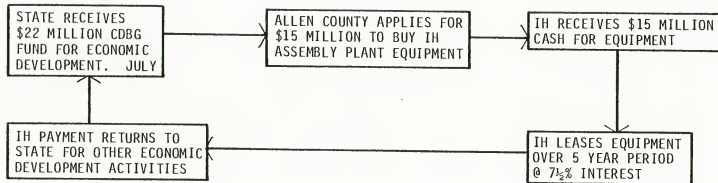
PARTS DISTRIBUTION CENTER



SCOUT PLANT



ASSEMBLY PLANT EQUIPMENT



OFFER OF ASSISTANCE

This Offer of Assistance is hereby extended by the City of Fort Wayne, Indiana (hereinafter referred to as "City") and Allen County, Indiana (hereinafter referred to as "County") and is made by these parties to and for the benefit of International Harvester Company (hereinafter referred to as "I.H.").

The City and County are committed to the preservation of I.H. operations locally and are desirous of retaining I.H. operations in this community, in all respects including any decision made by I.H. to reduce the number of its truck production locations.

In that regard, the City and County are prepared, and do herein offer certain forms of financial assistance to I.H. Said assistance will be provided upon the written agreement of I.H. to the following covenants and/or agreements to be in full force and effect for a period of ten (10) years:

1. Agreement by I.H. as to the fact that the City of Fort Wayne, Allen County, Indiana area will be the exclusive site of heavy duty truck production (as defined by Industry standards) in North America;
2. Agreement by I.H. to retain truck division engineering in Fort Wayne, Allen County, Indiana;
3. Agreement by I.H. that I.H. will by January 1, 1984, transfer to Fort Wayne, Allen County, Indiana additional production of new truck lines or truck products;
4. Agreement by I.H. that it will not take advantage of any laws relating to insolvency, including any Chapter of the Bankruptcy Act, or any similar law, federal or state that would in any way jeopardize the interests of the City, County, or State of Indiana with respect to financial commitments made by said governmental entities in relationship to I.H.'s operations in the Fort Wayne, Allen County, Indiana area;

5. Agreement by I.H. to retain the Parts Distribution Center as a national distribution center;
6. Agreement by I.H. as to the immediate annexation of the Parts Distribution Center into the City of Fort Wayne, Indiana;
7. Agreement by I.H. that if I.H. once again produces Scout-type light duty utility vehicles, that same will exclusively be produced in Fort Wayne, Allen County, Indiana;
8. The Fort Wayne, Allen County, Indiana I.H. operations will remain as one of not more than three (3) truck production sites for I.H. in North America;
9. If I.H. closes any truck facility, the Fort Wayne, Allen County, Indiana facilities will not be the operations so closed;
10. I.H. will enter into no Agreement with any person, firm, entity, or governmental unit, federal, state or local that would in any way mitigate or diminish the terms and conditions of the covenants herein made by I.H.;
11. If employment levels at local I.H. operations increase, I.H. agrees to give all consideration to existing labor contracts with respect to laid-off and/or reduced employees;
12. Execution by I.H. of a Lease Agreement by and between the City and County, as Lessor, and I.H., as Lessee, with respect to the Scout Plant;
13. Execution of a Lease Agreement by and between the purchaser of I.H.'s Parts Distribution Center (Mr. Gary Probst) as Lessor and I.H. as Lessee, and an Agreement by I.H. to repurchase same from Mr. Gary Probst, all with respect to the Parts Distribution Center.

If I.H. agrees to the above and executes the necessary documents concerning same, then the City and County agree to do the

following on or before August 16, 1982:

1. The City and County will acquire from I.H. its Scout Plant and agreed upon personal property for a total purchase price of Three Million Five Hundred Thousand and No/100 Dollars (\$3,500,000.00), paid in full at the time of closing to I.H., at which time I.H. shall deliver good and marketable title to said property free and clear from all liens and encumbrances;
2. The City and County will lease back to I.H. the Scout Plant for a ten (10) year Lease term. The Lease will be a Standard Triple Net Commercial Lease, and for the first two (2) years of said Lease, I.H. shall pay no rent, and for the remaining eight (8) years of the Lease, I.H. shall pay an annual rental of Four Hundred Thirty-Seven Thousand Five Hundred and No/100 Dollars (\$437,500.00);
3. The City will participate to the extent of a Seven Million and No/100 Dollars (\$7,000,000.00) guarantee with respect to the acquisition of I.H.'s Parts Distribution Center by Mr. Gary Probst. This \$7,000,000.00 guarantee will be in conjunction with a Two Million and No/100 Dollars (\$2,000,000.00) State guarantee. Mr. Gary Probst will acquire the Parts Distribution Center from I.H. for Nine Million and No/100 Dollars (\$9,000,000.00) said purchase price to be paid in full at the time of closing. In turn, Mr. Gary Probst will lease the Parts Distribution Center to I.H. for a ten (10) year period with an obligation at the end of the Lease term on the part of I.H. to repurchase the Parts Distribution Center. The commitment of \$7,000,000.00 from the City and the \$2,000,000.00 from the State of Indiana, as aforescribed, will guarantee I.H.'s Lease and Repurchase obligations;

4. The County will forthwith apply for a Community Development Block Grant in the amount of Fifteen Million and No/100 Dollars (\$15,000,000.00) from the State of Indiana. Should the Grant be acquired, the County, or one of its Commissions or Agencies, will purchase \$15,000,000.00 of I.H.'s personal property located in I.H.'s Fort Wayne Assembly Plant and lease same back to I.H. over a five (5) year period with the rental being amortized over said five (5) year period with interest at the rate of seven and one-half percent (7.5%) per annum.

As indicated previously herein, the City and County agree to cause the above and foregoing commitments to take place on or before August 16, 1982.

Submitted this, the ____ day of August, 1982.

CITY OF FORT WAYNE, INDIANA:

BY: _____
Winfield C. Moses, Jr.
Mayor of the City of Fort Wayne

COUNTY OF ALLEN, STATE OF INDIANA:

BY: _____
Jack K. Dunifon
Allen County Commissioner

Richard M. Regedanz
Allen County Commissioner

Richard M. Ellenwood
Allen County Commissioner

This instrument prepared by Bruce O. Boxberger, City Attorney
for the City of Fort Wayne, Indiana.

Impact of
International Harvester Shutdown/Consolidation
at Fort Wayne
and
Explanation of Financial Package

Prepared By:
Department of Economic Development
City of Fort Wayne

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Parts Distribution Center	8
Scout Plant	9
Assembly Plant Equipment	10

Employment statistics

Current Data

Harvester employment.....4,000
Total Allen County labor force.....143,700
Allen County Employment.....125,600
Allen County Unemployment.....18,100
Allen County Unemployment rate.....12.6%

Source: U.S. Department of Labor

Worst Case Scenario

Loss of 4000 International Harvester jobs
Loss of 4000 service jobs
Loss of 2000 supplier jobs
Loss of 2000 service jobs

TOTAL JOB LOSS FROM COMPLETE HARVESTER SHUTDOWN IN FORT WAYNE 12,000 JOBS*

Total Allen County Labor Force.....143,700
Allen County Employment.....113,600
Allen County Unemployment.....30,100
Allen County Unemployment rate.....20.9%

*Multiplier effects as determined by Thos. Guthrie, George Bullion, IUPUFW

Best Case Scenario

Gain of 1800 International Harvester jobs*
Gain of 4500 Supplier and Service jobs**

TOTAL JOB GAIN FROM HARVESTER CONSOLIDATION AT FORT WAYNE 6,300 JOBS

Total Allen County Labor Force.....143,700
Allen County Employment.....131,900
Allen County Unemployment.....11,800
Allen County Unemployment rate.....8.2%

*Net job gain from consolidation according to Harvester officials

**Multiplier of 2½ new jobs for each new manufacturing job, as determined by Indiana Department of Commerce, and Fantus Company study on Fort Wayne.

TOTAL JOBS RIDING ON CITY/STATE/COUNTY ACTION (potential loss/potential gain)

18,300 JOBS

Fiscal Impact of International Harvester Shutdown at Fort Wayne

Harvester payroll.....\$120 million.
Harvester payroll with benefits.....\$160.8 million.

Taxes

Property taxes paid by International Harvester.....\$ 3,390,000
States taxes paid by IH employees.....\$10,500,000*
Gasoline taxes paid by IH.....\$ 180,000
Unemployment taxes paid by IH.....\$ 3,600,000

Tax income from IH and its employees \$17,670,000**

*Alexander Grant Study on General Manufacturing Business Climates indicates that Indiana residents pay \$88 in state taxes for every \$1,000 earned.

**This figure does not include sales taxes on IH purchases within Indiana.

Unemployment Compensation

The State of Indiana would have to pay 4000 terminated Harvester workers nearly \$15 million in unemployment compensation in just six months. Should the state qualify for extended benefits, the bill would top \$22 million.

Based on \$141/week x 4000 workers x 26 week maximum term.
Extended benefits would add 13 weeks at the same rate.

Other notes:

Harvester accounts for 17 percent of the assessed valuation for East Allen County School District, and will pay \$1.57 million to the school district in 1982.

The PTC, Adams Township, Wayne Township, New Haven, Fort Wayne, and Allen County would all lose IH tax income.

Harvester uses 5 percent of NIPSCO gas sales in Allen County.

Church and United Way contributions would drop dramatically, while demand would increase for social services.

Guthrie and Bullion estimate that Harvester contributes \$200 million to \$300 million to the Fort Wayne area economy annually--or 7 to 8 percent.

Other points

1. Should Harvester consolidate its operations at Fort Wayne, thereby creating a total of 6300 new jobs, there would be \$107,100,00 in new payroll (based on average wage of \$17,000), on which employees would pay states taxes of \$9,424,800 annually.
2. New investment in the Harvester plant at Fort Wayne would increase the company's assessed valuation, thereby increasing property tax payments.
3. The typical business assistance/job creation grant has a goal of \$10,000 spent per job created/saved. At that rate, it would cost \$183,000,000 using conventional methods to save/create the 18,300 jobs riding on the Harvester package. Saving the 4,000 existing jobs riding on the Harvester package. Saving the 4,000 existing Harvester jobs alone would cost \$40,000,000. Therefore, this is clearly a sound investment in terms of dollars spent per job created, and one which will not be equaled with future opportunities.

HARVESTER GUARANTEES

1. Exclusive North America heavy-duty truck production in Allen County.
2. Retention of Truck Division Engineering in Allen County.
3. Addition of new truck line or product production in Allen County by January 1, 1984.
4. No use of Chapter 11 against City/County/State.
5. Retention of PDC as national distribution center.
6. Voluntary annexation of PDC into City.
7. If Scouts produced again, production will be in Allen County.
8. Allen County will remain one of not more than three truck production centers in North America.
9. If a truck facility is closed, it will not be Allen County.

RISK AND CASH

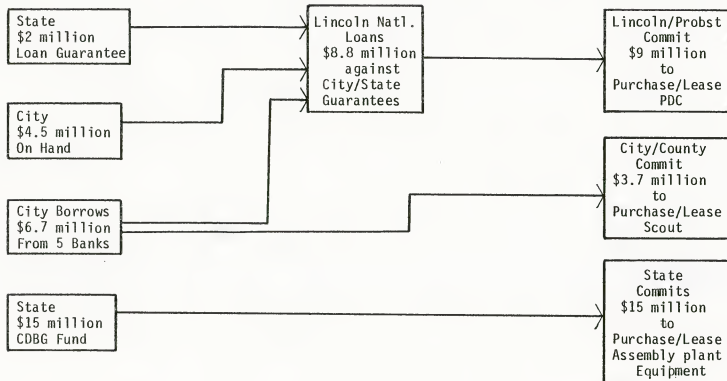
ALLOCATION OF RISK

	FORT WAYNE I	FORT WAYNE II	SPRINGFIELD
CITY	4.5	9	0
COUNTY	2.2	2.2	0
STATE	2	17	20
PRIVATE	0	0	10
	<hr/>	<hr/>	<hr/>
TOTAL	8.7	28.2	30

ALLOCATION OF CASH

	FORT WAYNE	FORT WAYNE II	SPRINGFIELD
CITY	0	1.5	0
COUNTY	0	2.2	0
STATE	0	15	10
PRIVATE	8.7	9	20
	<hr/>	<hr/>	<hr/>
TOTAL	8.7	28.2	30

CASH SOURCES



LOAN GUARANTEES

CITY GUARANTEE FUND	STATE GUAR. FUND
7.5	2

EVENTUAL SOURCE
OF FUNDS

COUNTY G.O. REDEV. BOND	CITY LIGHT LEASE	LINCOLN NATIONAL CORPORATION	P R O B S T	STATE OF INDIANA COMMUNITY DEVELOPMENT BLOCK GRANT	PRIV. SECTOR FUNDS
2.2	1.5	8.8	.2	15	2.5

IMMEDIATE SOURCE
OF FUNDS

CITY LOAN FROM BANK CONSORTIUM	CITY CASH FROM LIGHT LEASE	STATE OF INDIANA COMMUNITY DEVELOPMENT BLOCK GRANT	PRIV. SECTOR FUNDS
6.7	4.5	15	2.5

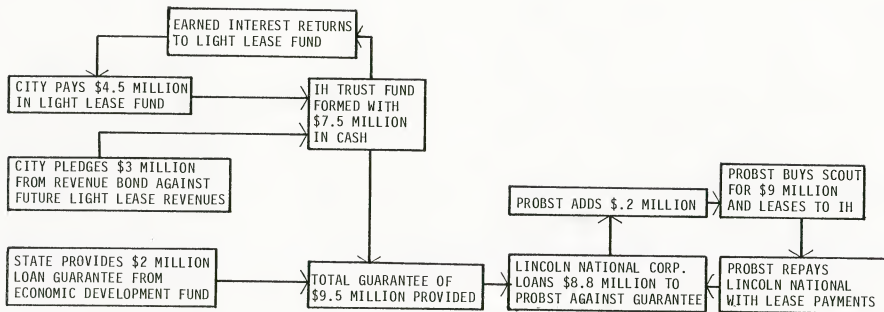
COST TO INVESTORS

SCOUT PLANT	PARTS DISTRIBUTION CENTER	ASSEMBLY PLANT EQUIPMENT	DEAL- ERSHIP, MMC, DESIGN CTR.
3.7	9.5	15	2.5

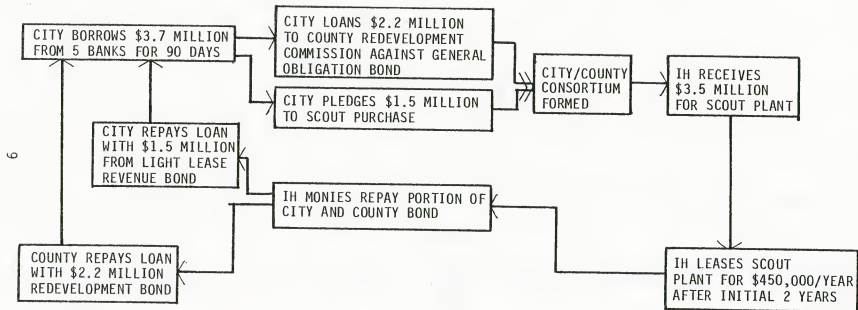
FUNDS SPENT

SCOUT PLANT	I N T.	PARTS DISTRIBUTION CENTER	I N T.	ASSEMBLY PLANT EQUIPMENT	DEAL- ERSHIP, MMC, DESIGN CTR.
3.5	.2	9	.5	15	2.5

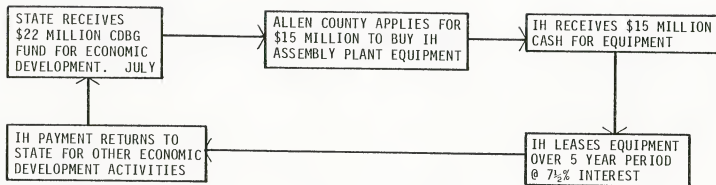
PARTS DISTRIBUTION CENTER



SCOUT PLANT



ASSEMBLY PLANT EQUIPMENT



LEASE

THIS INDENTURE OF LEASE, executed in duplicate this _____ day of _____, 1982, by and between the City of Fort Wayne, Indiana and Allen County, Indiana hereinafter designated together as "LESSOR" and International Harvester Company, a Delaware corporation, with general offices at 401 North Michigan Avenue, Chicago, Illinois, 60611, hereinafter designated as "LESSEE".

WITNESSETH:

The Lessor, in consideration of the rents agreed to be paid by the Lessee as hereinafter specified, and the covenants of the Lessee hereinafter contained, does hereby Lease unto the said Lessee the following described premises situate, lying and being in the City of Fort Wayne, County of Allen, State of Indiana, to-wit:

See Exhibit "A" attached hereto and by this reference made a part hereof.

RENT

For the first two (2) years of the Lease term herein referred to, Lessor shall pay no rent. For the eight (8) remaining years Lessor shall pay a rental sum of Three Million Five Hundred Thousand and No/100 Dollars (\$3,500,000.00) payable in installments of Thirty Six Thousand Four Hundred Fifty-Eight and 33/100 Dollars (\$36,458.33) paid each month in advance on the first day of each and every month during the remaining eight (8) years, with the first monthly payment being made on the first day of the month beginning after the end of the first two (2) years of the Lease term.

Said rent shall be payable to the parties and at the location as designated by the Lessor in writing to the Lessee.

All such rent payable hereunder shall be payable with attorneys fees, with interest at eighteen percent (18%) and without relief from valuation and appraisalment laws.

✓ The rent payable hereunder to Lessor shall be in addition to other expenses and obligations assumed by Lessee under this Lease.

SPECIAL COVENANTS OF LESSEE

As part of the consideration to enter into this transaction and in consideration for other assistance provided by the Lessor to the Lessee the Lessee agrees for a period coinciding with the term of this Lease or for a period of ten (10) years from the date hereof, whichever is longer, to the following special covenants:

1. Lessee agrees that the City of Fort Wayne, Allen County, Indiana area will be the exclusive site of Lessee's heavy duty truck production (as defined by Industry standards) in North America;
2. Lessee agrees to retain truck division engineering in Fort Wayne, Allen County, Indiana;
3. Lessee agrees that it will by January 1, 1982, transfer ^{if} ^{the} ^{agreed} to Fort Wayne, Allen County, Indiana additional new truck lines or additional truck products;
4. Lessee agrees that it will not take advantage of any ^{loss} relating to insolvency, including any chapter of the Bankruptcy Act, or any similar law, federal or state that would in any way jeopardize the interest of the City of Fort Wayne, Allen County, or State of Indiana with respect to financial commitments made by said governmental entities in relationship to Lessee's operations in the Fort Wayne, Allen County, Indiana are;
5. Lessee agrees to retain the Parts Distribution Center as a national distribution center;
6. Lessee agrees as to the immediate annexation of the Parts Distribution Center into the City of Fort Wayne;
7. Lessee agrees that if it once again produces Scout-type light duty utility vehicles, that same will exclusively be produced in Fort Wayne, Allen County, Indiana;
8. Lessee agrees that the Fort Wayne, Allen County, Indiana International Harvester Company operations will remain

- as one of not more than three (3) truck production sites for Lessee in North America;
9. Lessee agrees that if it closes any truck facility, the Fort Wayne, Allen County, Indiana facility will not be the operation so closed;
 10. Lessee agrees that it will enter into no Agreement with any person, firm, entity, or governmental unit, federal, state, or local that would in any way mitigate or diminish the terms and conditions of the covenants herein made by Lessee; and
 11. Lessee agrees to execute a Lease Agreement by and between the purchaser of Lessee's Parts Distribution Center (Mr. Gary Probst, lessor) and an Agreement to repurchase same from said purchaser, with respect to Lessee's Parts Distribution Center.

Lessee specifically agrees that the covenants herein made are severable from this Lease Agreement. Accordingly, and for acknowledged consideration, Lessee agrees to be bound by these covenants for a minimum of ten (10) years and that these covenants herein made will remain in effect and survive the termination of this Lease Agreement, if said termination occurs prior to the expiration of ~~the~~ ten (10) years from the date hereof.

GENERAL COVENANTS OF LESSEE

Lessee will be required to provide for the duration of this Lease, all repairs, maintenance, and replacements of whatever nature, on a continuous basis, with regard to the lease property, including but not limited to the roof, structural portions of the building, the cleaning and maintenance of the interior, electric or other mechanical systems, parking, and landscaping of premises, all changes in all electric or other mechanical systems (which include, but are not limited to heating, ventilation, and air conditioning), all carpet repairs, carpet maintenance and layout, movement or arrangement of any and all chattels inside or outside any physical structure on the premises. It shall be the exclusive right and obligation of the Lessee to secure and provide the necessary maintenance personnel

for the purpose of providing such continual maintenance. Lessee's responsibilities under this Lease shall specifically include but shall not be limited to this obligation to pay the costs and expenses of water, gas, plumbing, electricity, real estate taxes, and insurance covering the leased property. The term "real estate taxes" shall include all taxes and assessments levied by any governmental agency against any portion of the premises and for which Lessor is liable during the period of the Lease or which is incurred against the premises after commencing and during said period or imposed in connection with the receipt of rents from said premises to the extent the same shall be in lieu of any of the aforesaid ^{taxes} ~~taxed~~. Any rents or monies due Lessor under this Lease which are not paid within twenty (20) days after written notice to the Lessee shall bear interest at the rate of eighteen percent (18%) from the date of nonpayment until the date of payment. It is understood that Lessee will be responsible at its sole cost and expense, for the complete maintenance and repair of structural defects and complete repair or maintenance ^{71.0} or replacement of roof. The Lessor agrees that the subject premises and structures thereon will, at the time of occupancy, be in accordance with all existing public and governmental regulations and that the same are fit for use as general offices housing up to _____ employees. That said use will cause no additional alterations or expenses upon such premises or structures by the Lessee in order to comply with said public and/or governmental regulations.

INSURANCE

Lessee shall keep the Demised Premises (including all buildings, improvements and equipment) insured against loss or damage by fire and against loss or damage by such other insurable risks including earthquake and flood of similar or dissimilar nature as shall be insurable risks under present or future forms of "all-risk" casualty insurance policies which are standard for use in Indiana, with policy limits at market value in the event of no replacement, repair or reconstruction thereof, naming Lessor and Lessee as co-insured parties with specific reference to this Lease. Lessor agrees that

Lessee may fulfill this requirement with one or more insurance policies solely for the Demised Premises, by means of a master insurance policy applicable to a group of properties including the Demised Premises. Lessor covenants that it will not add a standard mortgagee's clause or "loss payable - mortgagee" clause or the like to the insurance contemplated by this paragraph without first having satisfied Lessee that the contractual obligations between Lessor and its mortgagee are such that insurance funds will be available for Lessor and Lessee to meet their obligation under this Lease, or that Lessor and its mortgagee have agreed in writing that any and all insurance proceeds shall be applied to the repair or reconstruction of the Demised Premises in accordance with this Lease. Lessor reserves the right to approve Lessee's insurance company and the terms of such insurance. Such approval shall not be unreasonably withheld or delayed. Lessee will give Lessor timely notice of such changes. Any insurance will not be invalidated if any insured waives in writing prior to loss, any right to recover against the other for loss occurring to or upon the insured property caused by negligence. The insurance contemplated by this paragraph shall contain a waiver of the insurance carrier's right to subrogation against either party hereto or any assignee or sublessee from or under Lessee for the benefit of Lessee arising out of any loss covered by said insurance. Lessee shall furnish a certificate or a duplicate policy of said insurance to Lessor upon Lessor's written request, evidencing that such insurance is maintained and in force. All insurance policies contemplated herein shall provide that they cannot be cancelled or modified without separate notices being given by the insurance carrier or its agent both to Lessor and to Lessee, in the manner provided herein, for Notices between the parties, at least thirty (30) days prior to any intended insurance termination. Lessor hereby authorizes Lessee, without any obligation upon Lessee, to perform any act necessary and/or desirable to carry out the intent of this insurance paragraph as Lessee deems appropriate from time to time. Any additional or other insurance which Lessor may carry which

is not contemplated or in conformity with the above requirements shall be at Lessor's sole cost and expense, shall not be considered as insurance premiums which Lessee is obliged to pay. Any such additional or other insurance shall provide for waiver of subrogation by the insurer against Lessee, its agents or employees.

USE OF PREMISES

It is agreed that said premises may be occupied by the Lessee for any legal use.

DAMAGE BY CASUALTY OR FIRE

If said premises should be damaged or destroyed by casualty, explosion or fire, however caused, or by the elements, or any cause or happening, so as to be untenable or unfit for occupancy, then this Lease shall thereupon immediately cease and terminate, and any rent paid in advance shall be apportioned and refunded to the Lessee; but if said premises should be only partially damaged by the elements, or any cause or happening, then the same shall be promptly restored by the Lessor to their previous condition and a just and fair proportion of the rent herein reserved shall abate until the same have been completely restored, and a like proportion of any rent paid in advance shall be refunded to the Lessee.

WAIVER OF SUBROGATION

The lessor agrees that the Lessee shall not be responsible for damages to the premises caused by fire and extended coverage perils.

QUIET ENJOYMENT

The Lessor agrees to put the Lessee in possession of said premises at the commencement of the term and agrees that the Lessee upon paying the rent reserved and performing the covenants and conditions hereof, shall peaceably and quietly have, hold and enjoy said premises and all appurtenances thereof during the full term without any interruption by the Lessor.

SUBORDINATION

The Lessee specifically agrees that this Lease may be

subordinated to any lenders of the Lessor or any one of them and that the Lessee agrees to sign any and all documents necessary to accomplish such subordination. Provided, however, that by execution of this Lease, Lessee is deemed to have agreed to such subordination.

LESSEE STATEMENTS

Lessee agrees upon any reasonable request by the Lessor to execute any and all documents necessary to enable Lessor to obtain any mortgage or financing of the premises.

LESSOR'S RIGHT OF ACCESS

Lessor or Lessor's agents shall have the right to enter the subject premises at all reasonable times both before and after normal business hours.

SURRENDER

At the expiration or termination of the Lease, Lessee shall surrender possession of said premises in the same condition and state of repair as received, ordinary wear and tear excepted.

IMPROVEMENTS OR ALTERATIONS

Lessee shall not, unless otherwise provided for herein, make improvements or alterations to premises without first having obtained written consent from Lessor. In the event consent is given, all such improvements and alterations shall become the property of the Lessor.

GENERAL

The failure or omission on the part of the Lessor or Lessee to enforce its rights upon any default or cause for default shall not bar or abridge its rights upon any subsequent default.

INDEMNITY

Lessee shall carry and maintain for the duration of the Lease a general liability insurance policy having limits of coverage of at least One Million and No/100 Dollars (\$1,000,000.00) and Lessee shall name Lessor as an additional insured under such policy and shall hold Lessor harmless for all acts of its agents on or off the subject premises.

HEALTH AND SAFETY

The Lessee agrees that it will at all times during the

term of this Lease comply with all ordinances, orders, laws and requirements of all governmental authorities having jurisdiction over said premises respecting licenses, sanitary and health requirements, police regulations, fire prevention and nuisances; provided, however, that nothing in this paragraph shall require the Lessee to make or pay for any improvements, repairs, alterations, additions or structural changes to said premises.

DEFAULT

Lessee agrees that if the rent shall not be paid within fifteen (15) days after same is due or upon the failure of the Lessee to do any other term, condition or covenant made herein and such default is not corrected within fifteen (15) days from written notice then this Lease may be terminated, at the option of the Lessor and Lessor may pursue any remedy that it then has under the Lease or in law or at equity to enforce the terms and conditions hereof.

UTILITIES

The Lessee agrees to pay promptly all bills rendered for water, gas, and electricity used by it in said premises during said term.

TERMINATION OF LEASE

Notwithstanding any law to the contrary, no notice shall be required to terminate this Lease upon the expiration of the term herein provided; and the Lessee agrees that upon the expiration of the Lease term by limitation, or its earlier termination in any other way, it shall be lawful to the Lessor, either with or without process of law, to enter into said premises and each and every part thereof, to expel, remove and put out of the same, the said Lessee and every other person or persons occupying or having possession thereof, and the same to repossess and enjoy as in their first and former state.

MISCELLANEOUS

Notwithstanding anything herein to the contrary, it is agreed to by the Lessee that the Lessor may, at any time, cancel

this Lease upon ninety (90) days written notice to the Lessee. In the event of such cancellation and upon the effective date of said cancellation, Lessee shall be relieved of all duties hereunder with the exception of those covenants as contained in the paragraph of this Lease entitled "SPECIAL COVENANTS OF LESSEE", which shall remain in full force and effect as therein provided.

ASSIGNMENT AND SUBLETTING

Lessee shall not be allowed to assign this Lease not sublet the premises or any part thereof.

GOVERNING LAW

This Lease Agreement shall be construed in accordance with the laws of the State of Indiana.

SEVERABILITY

If any section, clause, paragraph, part or provision of this Lease Agreement shall be held invalid, it shall be conclusively presumed that this Lease Agreement would have been executed by the parties hereto without such invalid section, clause, paragraph, part or provision.

IN WITNESS WHEREOF the parties hereto have executed these presents all as of the day and year first written above.

INTERLOCAL COOPERATION AGREEMENT

This Agreement entered into by and between the political subdivisions of Allen County, Indiana (hereinafter referred to as "County") and the City of Fort Wayne, Indiana (hereinafter referred to as "City").

WITNESSETH:

WHEREAS, the parties hereto have together participated in negotiations with the International Harvester Company (hereinafter referred to as "I.H.") to assist I.H. so as to allow I.H. to retain operations in this area; and

WHEREAS, the parties have previously entered into an Interlocal Cooperation Agreement with respect to I.H.'s Parts Distribution Center; and

WHEREAS, due to the present financial condition of I.H. and due to changed circumstances, the parties will no longer jointly participate with respect to the Parts Distribution Center but rather, will make financial commitments with respect to I.H.'s Scout Plant located here; and

WHEREAS, the parties have proposed to purchase I.H.'s local Scout Plant and agreed upon personal property for a total purchase price of Three Million Five Hundred Thousand and No/100 Dollars (\$3,500,000.00); and

WHEREAS, the parties will lease said Scout Plant back to I.H. for a period of ten (10) years; and

WHEREAS, the County's portion of the \$3,500,000.00 shall be Two Million One Hundred Thousand and No/100 (\$2,100,000.00) from a General Obligation Bond of the Allen County Redevelopment Commission and the City's portion of the purchase price shall be One Million Four Hundred Thousand and No/100 Dollars (\$1,400,000.00) from the City Light Lease; and

WHEREAS, to immediately fund the Scout Plant purchase and to cause immediate closing of same, it will be necessary for the City to loan to the County the County's portion of the purchase price (\$2,100,00.00) until the Allen County Redevelopment Commission's bonds are sold; and

WHEREAS, in return for efforts made by the parties hereto and in recognition of efforts made by them and as a condition precedent to the obligation of the City and County to purchase the Scout Plant, I.H. will make certain commitments to the City and County with respect to retention of I.H.'s operations locally. Said commitments to be made by I.H. are as outlined in the attached Offer of Assistance, which is made a part hereof as Exhibit "1"; and

WHEREAS, this Agreement is necessary to allow the parties to collectively and effectively make their individual financial commitments in relationship to this transaction.

NOW THEREFORE, IT IS AGREED AS FOLLOWS:

1. Governing Law. This Agreement shall be construed in accordance with the laws of the State of Indiana and specifically as executed by the parties hereto pursuant to I.C. 36-1-7.
2. Legal Requirements. This Agreement and the effectiveness hereof is subject to all necessary legal approvals as follows:
 - (a) approval of the fiscal bodies, by ordinance or resolution, of the City of Fort Wayne, Indiana (its Common Council) and Allen County, Indiana (its County Council) pursuant to I.C. 36-1-7-2 and I.C. 36-1-7-4(a)(2);
 - (b) recordation of the Agreement with the Allen County, Indiana Recorder.

In addition, and within a period of no longer than sixty (60) days from the effective date of this Agreement, a copy of same shall be filed with the State Board of Accounts for audit purposes pursuant to I.C. 36-1-7-6. For purposes hereof, the effective date of this Agreement shall be deemed to be that date that all

necessary approvals hereunder have been obtained.

3. Duration. The terms of this Agreement shall coincide with the lease obligations of I.H. to the parties as evidenced in the Lease Agreement herein referred to.

4. Purposes. The purposes of this Agreement are: to allow the parties to collectively and effectively purchase I.H.'s Scout Plant located in Fort Wayne, Allen County, Indiana; and to provide cooperation, joint control, protection and cohesive administration with respect to such purchase and concomitant lease.

5. Commitments Made. The parties hereto agree to take all actions necessary to purchase from I.H. its Scout Plant and agreed upon personal property, for a total purchase price of \$3,500,000.00. It is further agreed that the parties shall take all steps necessary to allow such purchase to occur on or before August 16, 1982.

County agrees to cause its Allen County Redevelopment Commission to issue a General Obligation Bond in the amount of \$2,100,000.00, which is the County's portion of the \$3,500,000.00 purchase price. In that regard, the Allen County Redevelopment Commission has been made a party hereto as evidenced by the signatures of the Commission members who agree to the terms and conditions hereof. However, the agreements herein made, including the obligation to repay to the City its loan of \$2,100,000.00 as described hereinafter, are obligations of the County and the Allen County Redevelopment Commission.

The City's portion of the \$3,500,000.00 shall be \$1,400,000.00 and shall be paid from the City Light Lease and the City agrees to take all steps necessary to have said sums available on or before August 16, 1982.

In order to allow the County to have immediately available its \$2,100,000.00 portion of the purchase price, the City does hereby agree to loan to the County said sum of \$2,100,000.00 which shall be accomplished on or before August 16, 1982. The County does herein agree, as does the Allen County Redevelopment Commission, to repay said sum of \$2,100,000.00 to the City upon the closing and sale

of the Allen County Redevelopment Commission's General Obligation Bonds or within a period of one hundred twenty (120) days from the date said loan is made, whichever shall first occur. The County agrees to execute an appropriate promissory note and other loan documents as deemed necessary by the City to evidence the County's obligation to repay the loan amount in full as herein provided.

On or before August 16, 1982, the \$3,500,000.00 herein referred to shall be paid to I.H. for the Scout Plant and agreed upon personal property at which time I.H. shall convey to the parties good and marketable title to said property, free and clear of all liens and encumbrances of whatever kind or character.

6. Lease. Simultaneous with the acquisition of the I.H. Scout Plant by the parties, the parties shall enter into a Lease Agreement with I.H. for a period of ten (10) years. The proposed Lease Agreement is attached hereto as made a part hereof as Exhibit "2".

7. Administration. The administration of all rights, responsibilities, and duties hereunder shall be accomplished by unanimous vote of a Joint Board consisting of two (2) members, to-wit: the Mayor of the City of Fort Wayne and the President of the Allen County Commissioners.

Since said Joint Board members serve on behalf of the governmental parties hereto, said Joint Board shall have all powers necessary to carry out the terms and conditions hereto and all powers conferred upon cities and counties generally, including, but not limited to, the ability to lease real estate and personal property and the ability to dispose of real estate and personal property.

8. Dispersing Officer. In compliance with I.C. 36-1-7-4(a)(3) the Dispersing Officer of this Interlocal Cooperation shall be alternately the City Controller and the County Treasurer, with the City Controller being the Dispersing Officer for the first year of this Agreement and then the County Treasurer, alternating yearly.

9. Ownership of Property. Any property acquired or otherwise obtained under this Agreement shall be deemed owned by the parties as follows:

Sixty percent (60%) - County

Forty percent (40%) - City

Provided, however, that until the County has repaid its loan to the City as provided for in paragraph five (5) of this Agreement the City shall maintain one hundred percent (100%) ownership.

10. Revenues. Any revenues generated or earned under this Agreement, including lease payments, shall belong to and be paid to the parties as follows:

Sixty percent (60%) - County

Forty percent (40%) - City

Provided, however, that until the County has repaid its loan to the City as provided for in paragraph five (5) of this Agreement, all revenues shall belong to and be paid to the City. Further provided, however, that if the City is receiving all revenues, then the County's portion of said revenues received by the City shall be applied against the County's debt, if unpaid at that time.

11. Disposition of Property. Property acquired hereunder shall be disposed of as determined by the Mayor of the City of Fort Wayne and the President of the Allen County Commissioners and any proceeds or other considerations resulting from such disposition shall inure to the parties as follows:

Sixty percent (60%) - County

Forty percent (40%) - City

Provided, however, that until the County has repaid its loan to the City as provided for in paragraph five (5) of this Agreement, any such proceeds or other considerations shall belong to the City. Further provided, however, that if the City is receiving all proceeds or other considerations, then the County's portion of said proceeds or other considerations received by the City shall be applied against the County's debt, if unpaid at that time.

12. Staffing. If any administrative staffing or other staffing is required for purposes hereunder, same shall be provided as agreed upon by the parties hereto.

13. Termination. This Agreement and the responsibilities

hereunder shall terminate upon the termination of the Lease Agreement between the parties and I.H. with respect to the Scout Plant and upon the disposition of all property owned by the parties hereunder.

14. Conditions Precedent. The obligations of the parties hereto are conditioned upon and subject to the parties receiving the commitments, guarantees and agreements from I.H. as outlined in the annexed Offer of Assistance previously noted as Exhibit "1".

15. Severability. If any section, clause, paragraph, part or provision of this Interlocal Cooperation Agreement shall be held invalid, it shall conclusively be presumed that this Interlocal Cooperation Agreement would have been executed by the parties hereto without such invalid section, clause, paragraph, part or provision.

IN WITNESS WHEREOF, this Agreement has been signed by the parties on the dates below indicated.

CITY OF FORT WAYNE, INDIANA

DATED: _____ BY: Winfield C. Moses. Jr.
Mayor of the City of Fort Wayne

STATE OF INDIANA)
) SS:
COUNTY OF ALLEN)

Before me, the undersigned, a Notary Public, in and for said County and State, this _____ day of _____, 1982, personally came and appeared the duly constituted, authorized, and elected Mayor of the City of Fort Wayne, Indiana, Winfield C. Moses, Jr., and acknowledged the execution of the above and foregoing.

WITNESS my hand and official Notarial Seal.

My Commission Expires: _____, Notary Public

My County of Residence: _____

COUNTY OF ALLEN, STATE OF INDIANA

DATED: _____

BY: _____
Jack K. Dunifon
Allen County Commissioner

DATED: _____

BY: _____
Richard M. Regedanz
Allen County Commissioner

DATED: _____

BY: _____
Richard M. Ellenwood
Allen County Commissioner

STATE OF INDIANA)
) SS:
COUNTY OF ALLEN)

Before me, the undersigned Notary Public, in and for said County and State, this _____ day of _____, 1982 personally came and appeared the duly constituted, authorized, and elected Commissioners of the County of Allen, State of Indiana: Jack K. Dunifon, Richard M. Regedanz; and Richard M. Ellenwood, and acknowledged the execution of the above and foregoing.

WITNESS my hand and official Notarial Seal.

My Commission Expires: _____, Notary Public

My County of Residence: _____

COMES NOW, the Allen County Redevelopment Commission, by its Commission member and hereby approves this Agreement and agrees to be bound by the terms and conditions of same.

ALLEN COUNTY REDEVELOPMENT COMMISSION

DATED: _____

BY: _____

This instrument prepared by Bruce O. Boxberger, City Attorney for the City of Fort Wayne, Indiana.

LETTER OF UNDERSTANDING

This Letter of Understanding entered into by and between the City of Fort Wayne, Indiana (hereinafter referred to as "City") and the below designated banks (hereinafter referred to as "Lenders").

WITNESSETH:

WHEREAS, the City is participating with Allen County, Indiana with respect to the purchase by the City and Allen County of International Harvester Company's (hereinafter referred to as "I.H.") Scout Plant in Fort Wayne, Allen County, Indiana; and

WHEREAS, the City is participating with the State of Indiana with respect to I.H.'s Parts Distribution Center located in Fort Wayne, Allen County, Indiana; and

WHEREAS, the City's participation in the Parts Distribution Center transaction is a Lease and Repurchase Guarantee; and

WHEREAS, the City and the Lenders are committed to doing as much as is possible to retain I.H.'s operations in this community; and

WHEREAS, it is necessary for the City to borrow from the Lenders collectively the sum of Six Million Seven Hundred Thousand and No/100 Dollars (\$6,700,000.00) for a period of ninety (90) days in order to provide readily available cash to be used by the City in its transactions of assistance with regards to I.H.; and

WHEREAS, subject to the terms and conditions hereof, the Lenders have collectively agreed to loan to the City a total sum of \$6,700,000.00 for a period of ninety (90) days, each of the Lenders participating in the \$6,700,000.00 total loan in the percentages as indicated opposite its signatures hereto.

NOW THEREFORE, IT IS AGREED AS FOLLOWS:

1. Transactions Involved.

A. Scout Plant.

The City and Allen County have proposed to purchase I.H.'s Scout Plant for Three Million Five Hundred Thousand and No/100 Dollars (\$3,500,000.00). Allen County's portion of the purchase price shall be Two Million One Hundred Thousand and No/100 Dollars (\$2,100,000.00) raised by a General Obligation Bond of the Allen County Redevelopment Commission. The City's portion of the purchase price shall be One Million Four Hundred Thousand and No/100 Dollars (\$1,400,000.00), these funds coming from the City Light Lease. Upon the purchase of the Scout Plant by the City and Allen County, the City and Allen County shall enter into a Lease Agreement with I.H. whereby I.H. will lease the Scout Plant for a period of ten (10) years. For the first two (2) years of the Lease, I.H. shall pay no rent and for the remaining eight (8) years I.H. shall pay the City and Allen County a per annum rental of Four Hundred Thirty-Seven Thousand Five Hundred and No/100 Dollars (\$437,500.00). Since a closing is to occur on or before August 16, 1982, it will be necessary to raise the purchase price immediately. Due to the fact that the bonding process of the Allen County Redevelopment Commission will take approximately ninety (90) days, the City will loan to Allen County Two Million Two Hundred Thousand and No/100 Dollars (\$2,200,000.00), (the additional One Hundred Thousand and No/100 Dollars (\$100,000.00) over and above Allen County's portion of the purchase price shall be used to defray interest) to be repaid to the City upon the sale and closing of the Allen County Redevelopment Commission's bonds. To facilitate expeditious raising of the funds required to borrow Three Million Seven Hundred

Thousand and No/100 Dollars (\$3,700,000.00) with respect to the Scout Plant transaction, the additional Two Hundred Thousand and No/100 Dollars (\$200,000.00) over and above the purchase price of \$3,500,000.00 shall be used by the City to offset interest charges emanating from the total borrowing of \$6,700,000.00.

B. Parts Distribution Center.

The City will provide a Seven Million Five Hundred Thousand and No/100 Dollars (\$7,500,000.00) guarantee with respect to I.H.'s Parts Distribution Center. This guarantee will be in conjunction with a Two Million and No/100 Dollars (\$2,000,000.00) guarantee proffered by the State of Indiana. Mr. Gary Probst of Fort Wayne, Indiana will acquire the Parts Distribution Center from I.H. for a purchase price of Nine Million and No/100 Dollars (\$9,000,000.00) and he will in turn lease the Parts Distribution Center back to I.H. for a ten (10) year period after which time I.H. will be required to repurchase same from Mr. Gary Probst. The City and the State of Indiana will guarantee I.H.'s lease obligations and repurchase obligations to a maximum of \$7,500,000.00 by the City and \$2,000,000.00 by the State of Indiana. The additional Five Hundred Thousand and No/100 Dollars (\$500,000.00) over and above the \$9,000,000.00 purchase price is the additional repurchase amount necessary to protect the purchaser from a precipitous decline in interest rates. That is, if I.H. were to default in its lease obligations, the City and the State of Indiana would tender their guarantees up to the maxima herein stated and the parties would own the Parts Distribution Center and could dispose of same as deemed necessary by them.

2. Total Amount of Loan Required. In order to meet its financial commitments and to meet the essential deadlines and

business needs of I.H., the City will need to borrow at this time \$6,700,000.00 from the Lenders; \$3,700,000.00 in conjunction with the Scout Plant transaction and Three Million and No/100 Dollars (\$3,000,000.00) in conjunction with the Parts Distribution Center transaction. This borrowing will be for a period of ninety (90) days as specifically dealt with further in this Letter of Understanding.

3. Loan Agreement. The Lenders do collectively agree to loan to the City a total sum of \$6,700,000.00 for a period of ninety (90) days, with each of the Lenders participating in the \$6,700,000.00 total loan in the percentages as indicated opposite its signatures hereto. Said loan shall be a ninety (90) day loan with tax exempt interest of eleven percent (11%) per annum. To repay said loan, the City shall forthwith begin the process of issuing Reveneue Bonds against future City Light Lease revenues. Upon the sale and closing of said bonds and upon receipt of Allen County's \$2,200,000.00 from the sale of the Allen County Redevelopment Commission's General Obligation Bonds, the loan will be repaid but in no event shall repayment be longer than ninety (90) days unless otherwise agreed to by the Lenders.

4. Collateral Security. In addition to the full faith and credit of the City for the loan repayment obligation of \$6,700,000.00 the City shall assign to the Lenders all rights, titles and interests that the City has in and to the Scout Plant and the Parts Distribution Center including but not limited to assignment of rents and revenues, and rights to receive proceeds from the sale of said properties. Furthermore, the City shall assign to the Lenders all net revenues from the Fort Wayne Power and Light Utility. The assignments herein referred to shall be identical to the percentages of participation for each Lender.

5. Conditions Precedent. The Agreement of the Lenders to make the loans as designated herein shall be contingent upon the City and Allen County entering into a Lease Agreement with I.H. for the Parts Distribution Center. In addition, the commitments of the Lenders herein made shall be further subject to Lenders'

legal counsel requirements with respect to all necessary documentation required to protect Lenders' interests.

6. Additional Documentation. The City does hereby agree to execute any and all necessary documentation including but not limited to loan documents, promissory notes, assignments and the like, as deemed necessary by the Lenders and/or their counsel to carry out the terms and conditions hereof.

IN WITNESS WHEREOF, this Letter of Understanding has been executed by the parties hereto on this, the Second day of August, 1982.

CITY:

CITY OF FORT WAYNE, INDIANA:

BY: _____

Winfield C. Moses, Jr.
Mayor of the City of Fort Wayne

LENDERS:

ANTHONY WAYNE BANK

7.7%

BY: _____

FORT WAYNE NATIONAL BANK

26.3%

BY: _____

INDIANA BANK

15.3%

BY: _____

LINCOLN NATIONAL BANK

33.0%

BY: _____

PEOPLES TRUST BANK

17.6%

BY: _____

(The percentages hereinabove referred to are December 31, 1981 year end averages based upon a pro-ration of total assets of the Lenders.)

This instrument prepared by Bruce O. Boxberger, City Attorney for the City of Fort Wayne, Indiana.